CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2013

(Unaudited)

Canadian Museum for Human Rights
Musée canadien pour les droits de la personne

Canada

Canadian Museum for Human Rights

Quarterly Financial Report

For the three and six months ended September 30, 2013

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2013 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2013 Annual Report. Updates for the quarter ended September 30, 2013 are as follows.

Statement of Financial Position: September 30, 2013

Total Assets decreased $2.7 million from $336.8 million at March 31, 2013 to $334.1 million at September 30, 2013 due to the payout from the Holdback account and the use of Restricted cash offset by an increase in Assets under construction that reflects the continued investment in the construction of the museum building, fit up of the gallery spaces and the design of the exhibits.

Total Liabilities decreased $3.7 million from March 31, 2013 primarily due to the payout of the Holdback payable offset by a net increase in Deferred contributions related to capital assets.

Net assets increased by $1 million from March 31, 2013 representing excess of revenue over expenses.

Statement of Operations:

For the three months ended September 30, 2013

Parliamentary appropriations were $5.3 million for the three months ended September 30, 2013 in comparison to $2.9 million for the three months ended September 30, 2012.

Expenses for the three months ended September 30, 2013 were $4.2 million in comparison to $2.7 million for the three months ended September 30, 2012. The increase in expenses is mainly attributable to Permanent building expenses now being incurred as the base building achieved substantial completion at March 31, 2013. Museum content and program costs also increased due to additional staff and other costs required for exhibit and program development for inauguration.

For the three months ended September 30, 2013 there was an excess of revenue over expenses of $1.1 million due to the timing of the receipt of appropriations.

For the six months ended September 30, 2013

Parliamentary appropriations were $9.2 million for the six months ended September 30, 2013 in comparison to $5.8 million for the six months ended September 30, 2012 due to increased and accelerating activities required to support 2014 museum inauguration.

Expenses for the six months ended September 30, 2013 were $8.3 million in comparison to $5.5 million for the six months ended September 30, 2012. The increase in expenses is mainly attributable to Permanent building expenses now being incurred as the base building achieved substantial completion at March 31, 2013. Museum content and program costs also increased due to additional staff and other costs required for exhibit and program development for inauguration.

For the six months ended September 30, 2013 there was an excess of revenue over expenses of $0.9 million due primarily to the timing of the receipt of appropriations.

Cash Flow:

For the three months ended September 30, 2013

Cash and cash equivalents decreased by $0.4 million in the three months ended September 30, 2013 primarily due to $8.6 million used for assets under construction offset by $6.3 million in Government of Canada funding for assets under construction. This is compared to the increase in cash and cash equivalents of $3.0 million in the three months ended September 30, 2012 primarily due to an increase in cash from operating activities.

For the six months ended September 30, 2013

Cash and cash equivalents decreased by $16.2 million in the six months ended September 30, 2013 primarily due to $29.1 million used for assets under construction offset by $10.7 million in Government of Canada funding for assets under construction. This is compared to the decrease in cash and cash equivalents of $0.8 million in the six months ended September 30, 2012 primarily due to the use of cash to acquire assets under construction.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to the Capital Project. The base building was substantially complete at March 31, 2013 and the fit-up of the gallery spaces, fabrication and installation of the exhibitions are all underway.

The Museum has announced it will open on September 20, 2014 and has aligned project and work plans accordingly. The Government of Canada has supported CMHR and approved the use of $35 million advance of future years operating and capital appropriations to the Museum. The Friends of the CMHR were also able to secure a $35 million loan guarantee from the Province of Manitoba. These

commitments, together with the support of the City of Winnipeg and the leadership of the private sector, have helped enable the Museum to confirm the timeline for the 2014 Inauguration.

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
November 25, 2013

Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
November 25, 2013

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three and six months ended September 30, 2013

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2013	March 31, 2013
Assets		
Current assets:		
Cash	$ 7,878	$ 6,871
Restricted cash (note 3)	15,990	22,160
Accounts receivable	1,108	1,085
Prepaid expenses and other assets	699	138
Holdback account (note 4)	733	11,797
	26,408	42,051
Capital assets (note 5):		
Assets available for use	9,581	8,692
Assets under construction	298,114	286,070
Total Assets	$ 334,103	$ 336,813
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 9,989	$ 14,717
Holdback account (note 4)	733	11,797
	10,722	26,514
Deferred contributions (note 6)	10,447	11,320
Deferred contributions related to capital assets (note 7)	302,716	289,783
	313,163	301,103
Net assets:		
Unrestricted	5,158	4,172
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement gains and losses	81	45
	10,218	9,196
Contractual obligations (note 10)		
Total Liabilities and Net Assets	$ 334,103	$ 336,813

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

	Three months ended		Six months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenue:				
Other income	$ 36	$ 20	$ 68	$ 27
Total revenue	36	20	68	27
Expenses:				
Museum content and program	1,424	1,099	3,135	2,246
Permanent building and temporary accommodation	1,180	468	2,212	816
Stewardship and corporate management	1,581	1,123	2,970	2,406
Total expenses	4,185	2,690	8,317	5,468
Excess of expenses over revenue before Parliamentary appropriations	(4,149)	(2,670)	(8,249)	(5,441)
Parliamentary appropriations (note 8)	5,301	2,931	9,235	5,805
Excess of revenue over expenses after Parliamentary appropriations	$ 1,152	$ 261	$ 986	$ 364

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Remeasurement Gains and Losses

(Unaudited)

(In thousands of dollars)

	Three months ended		Six months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Accumulated remeasurement gains and losses, beginning of period	$ 118	$ (158)	$ 45	$ (303)
Unrealized gains (losses) attributable to:				
Foreign exchange	(37)	(74)	36	(46)
Investments	-	(20)	-	(107)
Amounts reclassified to the Statement of Operations:				
Foreign exchange	-	(2)	-	9
Amounts reclassified to deferred contributions:				
Investments	-	157	-	350
Net remeasurement gain (loss) for the period	(37)	61	36	206
Accumulated remeasurement gains and losses, end of period	$ 81	$ (97)	$ 81	$ (97)

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

For the three months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	September 30, 2013	September 30, 2012
Net assets, beginning of period	$ 4,006	$ 4,979	$ 118	$ 9,103	$ 8,187
Excess of revenue over expenses after Parliamentary appropriations	1,152	-	-	1,152	261
Net change in accumulated remeasurement gains and losses	-	-	(37)	(37)	61
Net assets, end of period	$ 5,158	$ 4,979	$ 81	$ 10,218	$ 8,509

For the six months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	September 30, 2013	September 30, 2012
Net assets, beginning of period	$ 4,172	$ 4,979	$ 45	$ 9,196	$ 7,939
Excess of revenue over expenses after Parliamentary appropriations	986	-	-	986	364
Net change in accumulated remeasurement gains and losses	-	-	36	36	206
Net assets, end of period	$ 5,158	$ 4,979	$ 81	$ 10,218	$ 8,509

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited) (In thousands of dollars)

	Three months ended		Six months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Operating activities:				
Cash receipts (Parliamentary appropriations)	$ 6,611	$ 4,712	$ 10,184	$ 7,605
Cash receipts (other income)	37	30	70	38
Cash payments to and on behalf of employees	(2,165)	(1,630)	(4,030)	(3,430)
Cash payments to suppliers	(2,487)	(411)	(4,696)	228
	1,996	2,701	1,528	4,441
Capital activities:				
Acquisition of assets under construction	(7,687)	(14,867)	(27,637)	(29,016)
Acquisition of assets available for use	(971)	(116)	(1,470)	(1,064)
	(8,658)	(14,983)	(29,107)	(30,080)
Investing activities:				
Proceeds from disposals and redemptions of investments	-	3,632	-	11,819
Revaluation of US currency	(41)	(77)	36	(40)
	(41)	3,555	36	11,779
Financing activities:				
Parliamentary appropriation for the acquisition of capital assets available for use	21	18	103	384
Government of Canada funding for assets under construction and related investment income	6,293	11,955	10,713	12,233
Contributions from non-government sources for assets under construction and related investment income	-	(150)	500	436
	6,314	11,823	11,316	13,053
Increase (decrease) in cash and cash equivalents	(389)	3,096	(16,227)	(807)
Cash and cash equivalents, beginning of period				
Operating cash	6,557	5,170	6,871	4,972
Restricted cash and cash equivalents	17,798	13,402	22,160	18,523
Holdback account	635	10,904	11,797	9,884
	24,990	29,476	40,828	33,379
Cash and cash equivalents, end of period				
Operating cash	7,878	6,579	7,878	6,579
Restricted cash and cash equivalents	15,990	13,967	15,990	13,967
Holdback account	733	12,026	733	12,026
	$ 24,601	$ 32,572	$ 24,601	$ 32,572

The accompanying notes form an integral part of the quarterly financial statements.

1. Authority and mandate:

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

2. Significant accounting policies:

The quarterly financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2013 Annual Audited Financial Statements.

3. Restricted cash

Restricted cash is restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	September 30, 2013			March 31, 2013	
	Cost	Unrealized gains	Fair value	Cost	Fair value
Restricted cash	$ 15,953	$ 37	$ 15,990	$ 22,150	$ 22,160

The change in restricted cash is comprised of the following:

Six months ended	September 30, 2013
Balance, beginning of period	$ 22,160
Add contributions received during the period	10,500
Add deferred interest income	100
Less unrealized gain on cash	28
Less amounts used to purchase capital assets	(16,798)
Balance, end of period	$ 15,990

4. Holdback cash account:

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The base building holdback of $11.8 million as of March 31, 2013, the substantial completion date, was paid out including interest on June 14, 2013. As of September 30, 2013 the holdback relates to seasonal base building work and the exhibit fit-up construction. The total holdback cash account balance and related liability at September 30, 2013 was $0.7 million (March 31, 2013 - $11.8 million) of which $0.7 million (March 31, 2013 - $11.8 million) is current.

5. Capital assets:

	Cost March 31, 2013	Additions	Disposals	Cost September 30, 2013
Land	$ 4,979	$ -	$ -	$ 4,979
Computer equipment, hardware and software	4,274	1,146	59	5,361
Leasehold improvements	563	-	-	563
Furniture and equipment	274	147	-	421
Website development	57	-	-	57
Sub-total – Assets available for use	10,147	1,293	59	11,381
Assets under construction	286,070	12,044	-	298,114
	$ 296,217	$ 13,337	$ 59	$ 309,495

	Accumulated amortization March 31, 2013	Amortization expense	Disposals	Accumulated amortization September 30, 2013
Land	$ -	$ -	$ -	$ -
Computer equipment, hardware and software	705	326	-	1,031
Leasehold improvements	563	-	-	563
Furniture and equipment	130	19	-	149
Website development	57	-	-	57
Sub-total – Assets available for use	1,455	345	-	1,800
Assets under construction	-	-	-	-
	$ 1,455	$ 345	$ -	$ 1,800

	Net book value March 31, 2013	Net book value September 30, 2013
Land	$ 4,979	$ 4,979
Computer equipment, hardware and software	3,569	4,330
Leasehold improvements	-	-
Furniture and equipment	144	272
Website development	-	-
Sub-total – Assets available for use	8,692	9,581
Assets under construction	286,070	298,114
	$ 294,762	$ 307,695

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of land reverts back to the City of Winnipeg and The Forks Renewal Corporation should the land no longer be used for the purposes of the Museum, or such other purposes as approved by the previous owners. The Corporation's Management estimated that the Museum's river-front parcel should be valued at $4.9 million plus related legal costs based on the information provided by an independent market evaluation.

The amortization expense for the three and six months ended September 30, 2013 is $ 173 and $345, respectively. (Three and six months ended September 30, 2012 - $138 and $219, respectively).

Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	September 30, 2013	March 31, 2013
Building design and construction	$ 281,890	$ 276,081
Exhibit design and gallery fit-up	15,588	9,709
Website development (Version 3)	266	195
Enterprise Content Management System	370	85
	$ 298,114	$ 286,070

6. Deferred contributions:

Deferred contributions recorded by the Corporation are as follows:

	September 30, 2013	March 31, 2013
Deferred contributions from the Government of Canada restricted for use for the purchase of capital assets	$ 10,447	$ 11,320

Changes in the deferred contributions balance during the period were as follows:

Six months ended	September 30, 2013
Balance, beginning of period	$ 11,320
Additions:	
Government of Canada appropriations [1]	10,000
Deferred Parliamentary appropriations	1,800
Deferred interest income	100
	23,220
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(12,360)
Amounts recognized as revenue	(413)
	(12,773)
Balance, end of period	$ 10,447

[1] In June 2012, the Government of Canada approved the use of $35 million of future years' operating and capital appropriations, of which $25 million was authorized for 2012-2013 and $10 million for 2013-2014, received in the six months ended September 30, 2013. CMHR plans to decrease its level of appropriations over six years commencing in 2018-2019.

7. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets are composed of:

Six months ended		September 30, 2013
Balance, beginning of period	$	289,783
Amounts transferred from deferred contributions		12,360
Government contributions:		
Other Government of Canada assistance		657
Non-government contributions:		
Capital contributions-in-kind from Friends of CMHR		149
Capital contributions-in-kind from the City of Winnipeg		112
Amortization of deferred contributions related to capital assets available for use		(345)
Balance, end of period	$	302,716

8. **Parliamentary appropriations:**

	Three months ended		Six months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Main estimates amount provided for operating and capital expenditures	$ 6,900	$ 4,900	$ 10,800	$ 8,200
Reimbursement of paylist expenditures	134	-	134	-
Total Parliamentary appropriations approved in the period:	7,034	4,900	10,934	8,200
Less current year Parliamentary appropriations not recognized as revenue:				
Amounts used to purchase capital assets	(289)	(187)	(657)	(694)
Amounts transferred to deferred contribution	(1,800)	(1,920)	(1,800)	(1920)
Add prior year Parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets available for use	173	138	345	219
Restricted amounts used in the current period for items expensed for accounting purposes	183	-	413	-
	$ 5,301	$ 2,931	$ 9,235	$ 5,805

9. Net assets invested in capital assets:

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	September 30, 2013	March 31, 2013
Capital assets	$ 307,695	$ 294,762
Less amounts financed by deferred contributions related to capital assets	(302,716)	(289,783)
	$ 4,979	$ 4,979

10. Contractual obligations:

In addition to the commitments as at March 31, 2013, the Corporation entered into additional long-term contracts for $13.0 million relating to construction and fit up services for the Capital Project of which $12.5 million will require payment within one year.

11. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.